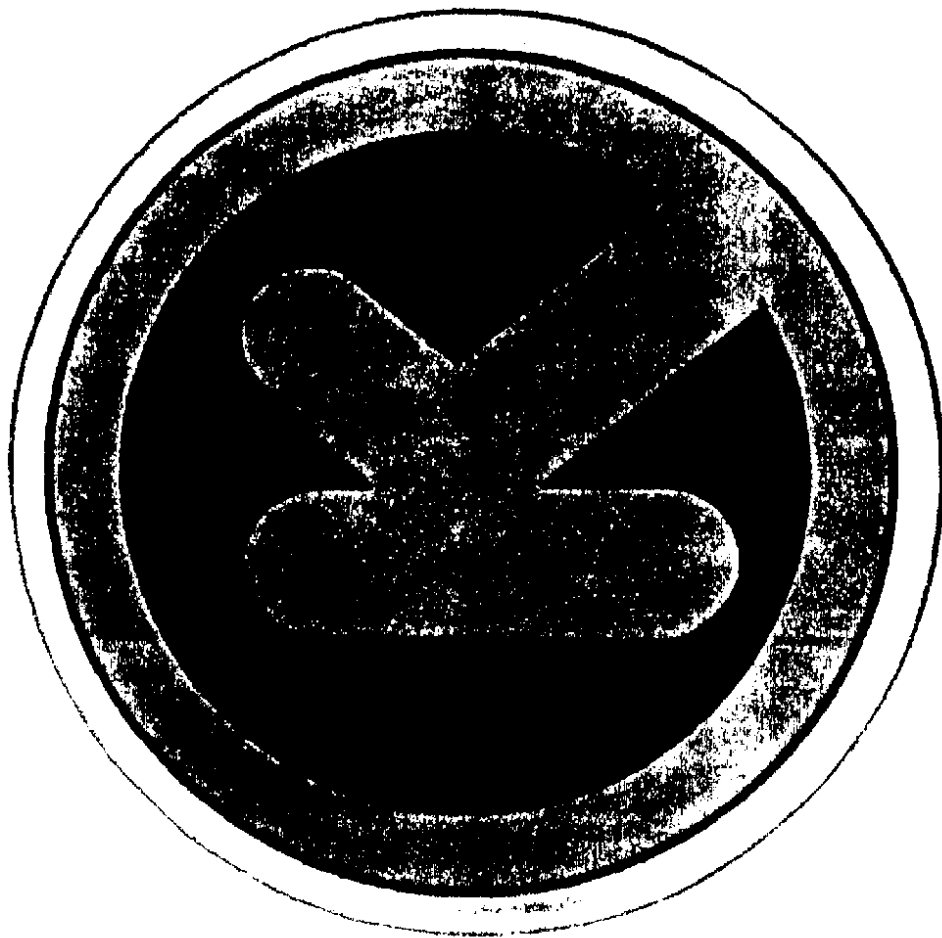


**PHILIP  
S MORRIS**



# **PROPOSED IN-STORE TESTING**

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PROPOSED  
IN-STORE TESTING



MULTIVARIATE TEST

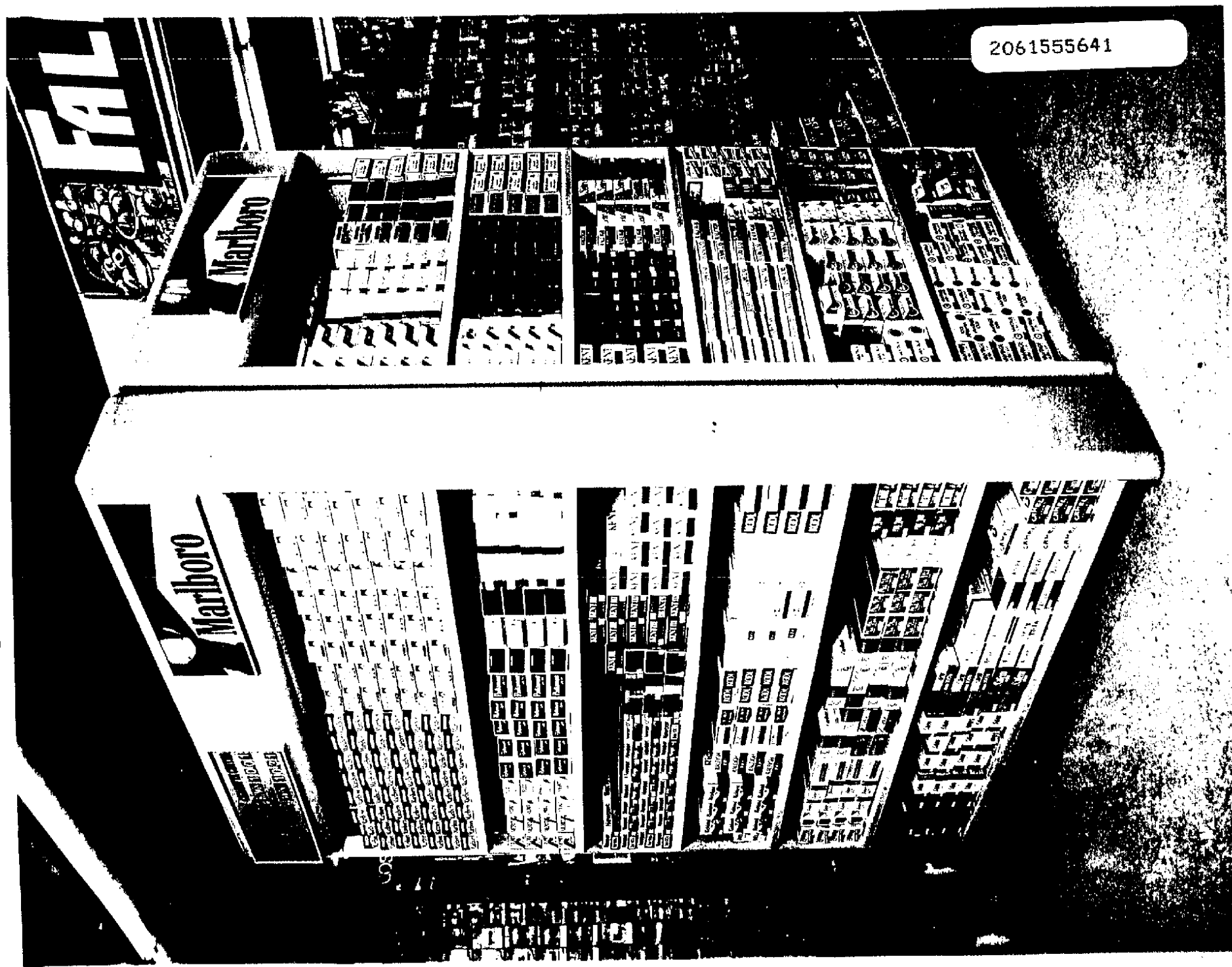
- NON-SELF SERVICE TO SELF-SERVICE CONVERSION,
- B DISPLAY
- AG/AV VALUE CENTERS
- PRICE ELASTICITY
- PROMOTION/INCENTIVE

OBJECTIVES

- IMPROVE UNDERSTANDING OF MERCHANDISING DYNAMICS,
- ENHANCE KNOWLEDGE OF PROGRAM AND PROMOTION EFFECTIVENESS.

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CARTON MERCHANDISER



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P.O.S.#30089

PHILIP  
MORRIS

# Cigarette Value Center

Cambridge	\$753	\$781	279
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## New Cambridge

Players Lights 25s  
1.1 | 0  
New Cambridge 1.1 | 0

[illegible][illegible]

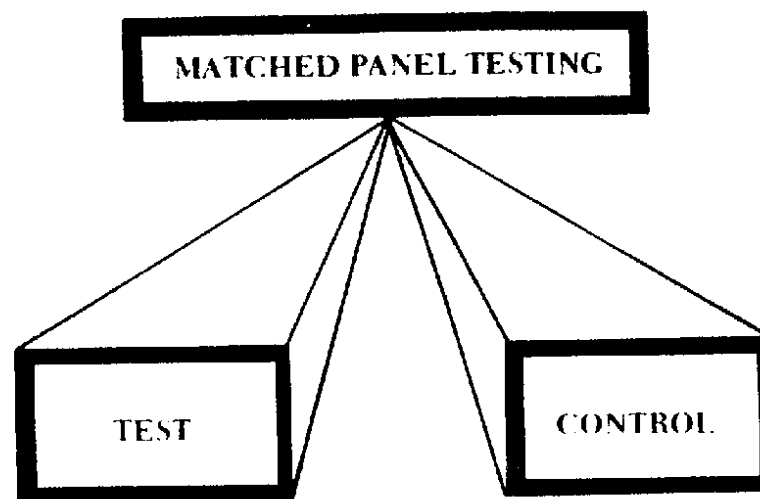
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**USA PHILIP MORRIS**

# LOW PROFILE PACKAGE COUNTER DISPLAY



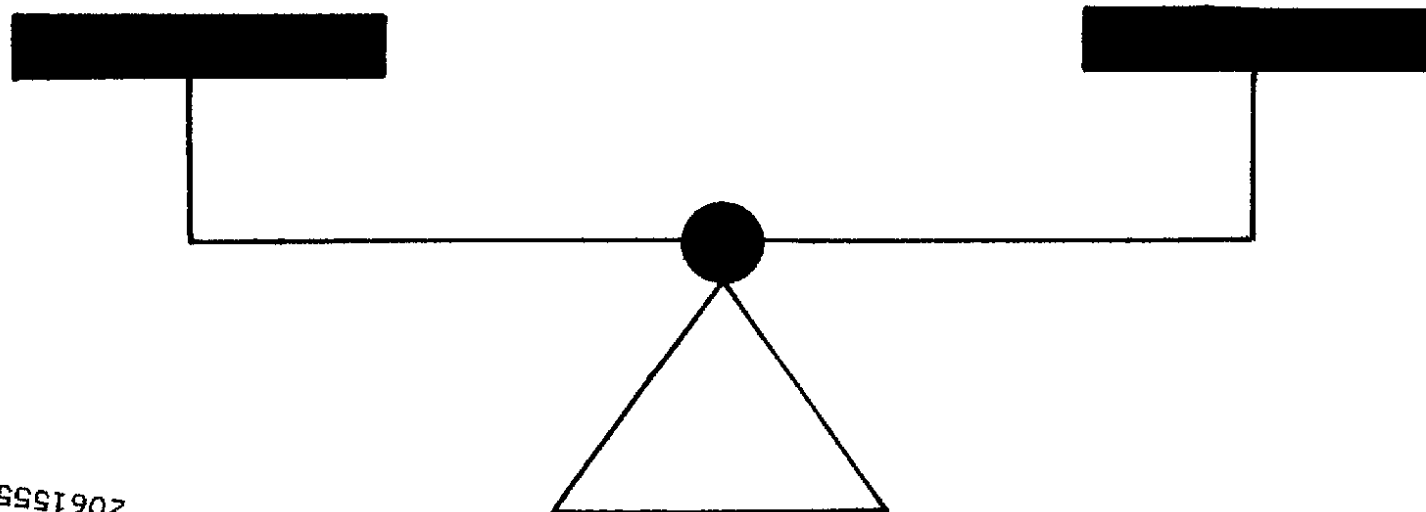
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BALANCED PANELS

- CIGARETTE VOLUME
- PACK/CARTON RATIO
- GAS/NON-GAS UNITS
- DEMOGRAPHY
- SEASONALITY

- CIGARETTE VOLUME
- PACK/CARTON RATIO
- GAS/NON-GAS UNITS
- DEMOGRAPHY
- SEASONALITY



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### ISSUES

- ALL TEST AND CONTROL STORES TO EXIST IN PHOENIX MARKET
- HISTORIC STORE-BY-STORE DATA (ACV AND CIGARETTE VOLUME) FROM McLANE
  - FACILITATE MATCHING AND BALANCING.
- DATA AVAILABLE FROM ELECTRONIC CASH REGISTER (PLU)
  - POTENTIAL INFORMATION POWER
  - TESTMARK
- LETTERS OF AUTHORIZATION AND EXPLANATION OF CIRCLE K'S COMMITMENT
  - STORE-LEVEL PERSONNEL
  - STORE EXIT INTERVIEWS (COFFEE PROMOTION)
- SCHEDULE LUNCHEON MEETING OF STORE OPERATIONS PERSONNEL INVOLVED IN TEST STORES
- DISTRIBUTION OF PHILIP MORRIS VALUE BRANDS (VALUE CENTERS)
  - CAMBRIDGE LIGHTS
  - PLAYERS 25'S
- PHILIP MORRIS WOULD LIKE TO PUBLISH THE RESULTS (USING ONLY RELATIVE MEASURES)

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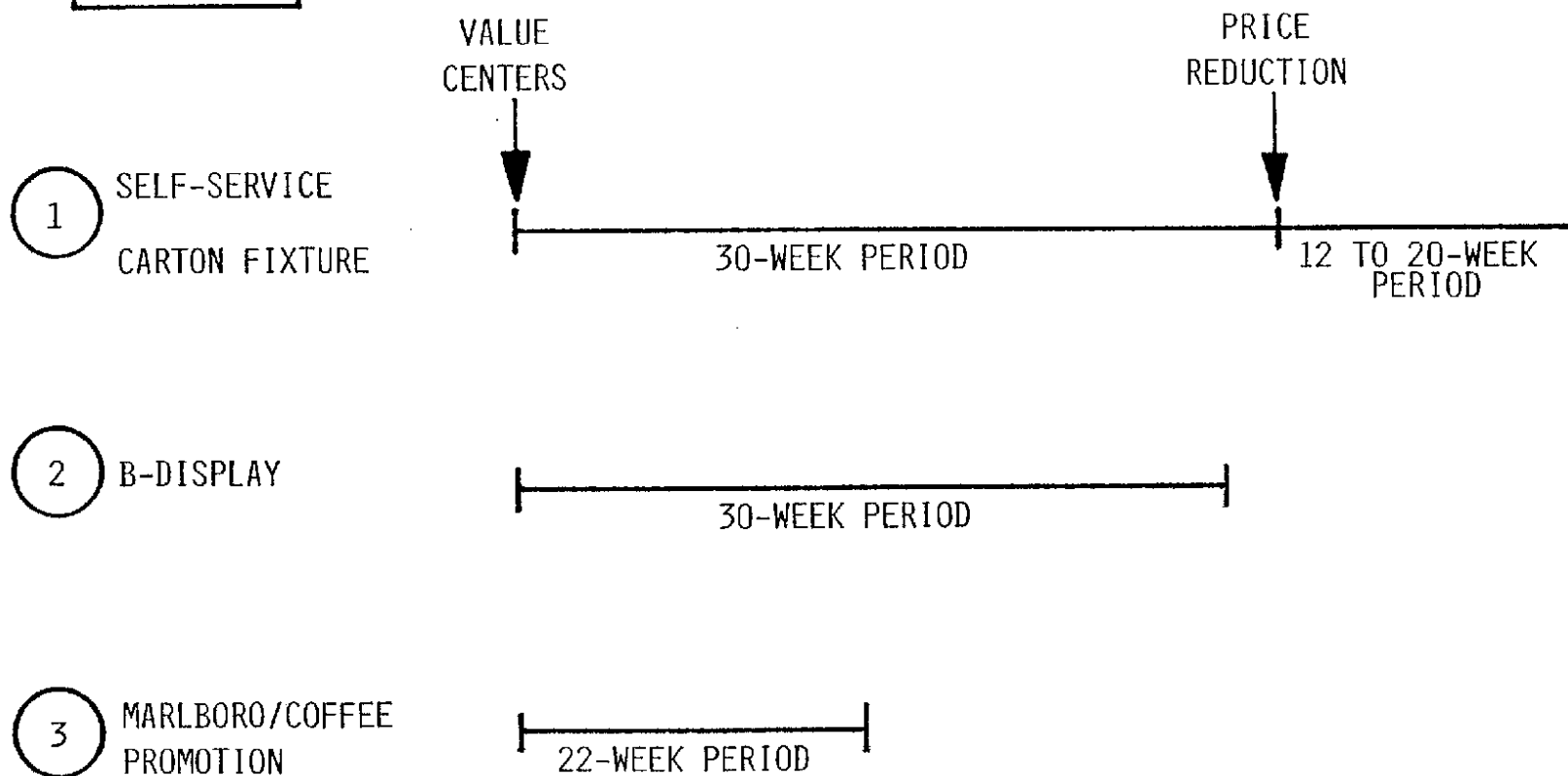
EXAMPLES OF  
PHILIP MORRIS  
MERCHANDISING FIXTURES  
(NOT NECESSARILY UTILIZED IN  
CIRCLE K TESTING)

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## PRELIMINARY DESIGN

DISCRETE  
TEST  
PANELS



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### PRICE REDUCTION

#### AGGRESSIVELY PRICE THE CIGARETTE CATEGORY

- PRICE REDUCTION SHOULD BEGIN AT CONCLUSION OF SELF-SERVICE CARTON FIXTURE TEST IN SAME 15 TEST STORES.
- COMPETITIVE RESPONSE WILL BE MONITORED.

### MARLBORO/COFFEE PROMOTION

- FREE 12 OZ CUP OF COFFEE WITH 3-PACK PURCHASE OF MARLBORO.
- FLOOR DISPLAY WITH 3 PACK UNITS.
- 400 UNITS PER STORE (120 CARTONS PER STORE).
- DURATION: ONE MONTH.
- McLANE
  - SHIP DISPLAY, MOBILE, POSTERS, CUPS AND FLEX CARDS TO THEIR P.O.S. WAREHOUSES.
  - SET DISPLAYS AND P.O.S. IN EACH STORE.
- IDENTIFY 15 CONTROL STORES WHERE PROMOTION WILL NOT OCCUR.
- CONDUCT CONSUMER RESEARCH (BRIEF EXIT INTERVIEWS).

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## TEST DESCRIPTION

### SELF-SERVICE CARTON FIXTURES

PLACE PHILIP MORRIS FIXTURE IN 15 STORES

<u>PM FIXTURE DESCRIPTION</u>	<u>ROW CAPACITY</u>	<u>MANUFACTURERS ON FIXTURE</u>
L-SHAPE ENDCAP/GONDOLA WRAP AROUND	115 RACK ROWS 124 EQUIVALENT ROWS	PHILIP MORRIS LORILLARD BROWN & WILLIAMSON LIGGETT AMERICAN BRANDS

### VALUE CENTERS

PLACE PHILIP MORRIS VALUE CENTERS CONCURRENT WITH  
SELF-SERVICE CARTON FIXTURES IN SAME 15 STORES

### PLAN-B DISPLAY

REMOVE PHILIP MORRIS PLAN-B  
AND MONITOR IMPACT IN 15 STORES

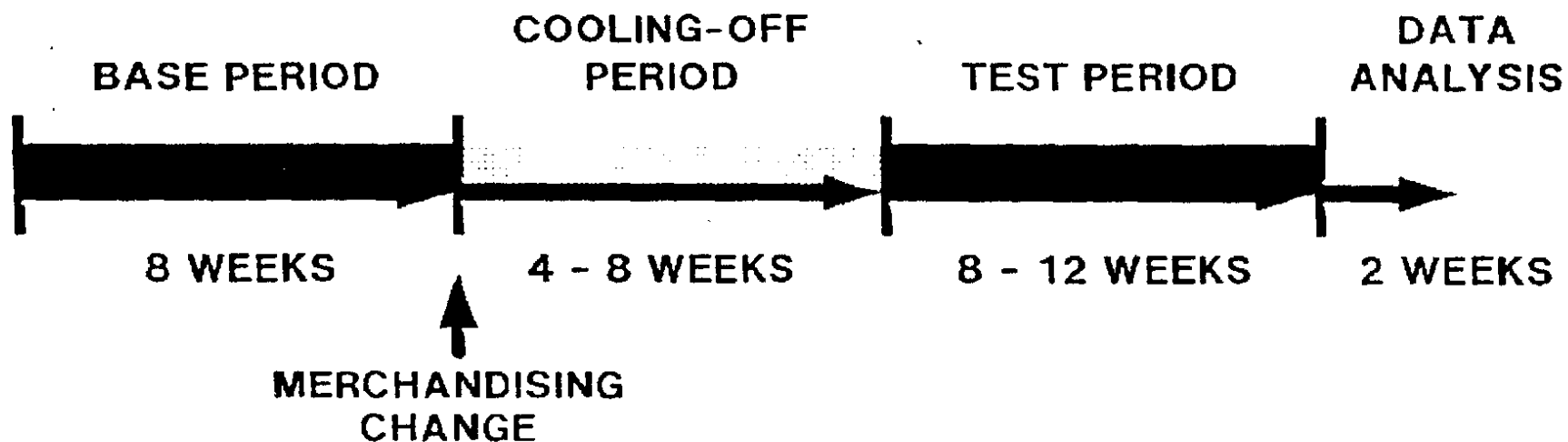
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### TEST VARIABLES

- TOTAL CIGARETTE VOLUME
- CARTON-TO-PACK SALES RATIO
- INVENTORY DEPTH
- OUT-OF-STOCKS
- COUPON REDEMPTION
- AVERAGE DOLLAR TRANSACTION
- CUSTOMER TRAFFIC COUNT
- BRANDS IN DISTRIBUTION
- CATEGORY ECONOMICS
- PROGRAM ENHANCEMENT
- GAS VS. NON-GAS STORE PERFORMANCE
- PILFERAGE/SHRINK

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# IN-STORE TESTING TIME PERIODS



**30-WEEK TEST**

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# IN-STORE TESTING

## HYPOTHETICAL CONTROLLED IN-STORE TEST PANEL SIZE

	<u># OF STORES</u>
TEST PANEL (MERCHANDISING CHANGE)	15
CONTROL PANEL (NO CHANGE)	15
TOTAL	<u>30*</u>

\* THE PANEL SIZE REQUIRED IS DEPENDENT UPON MANY  
STATISTICAL FACTORS

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